

Message Text

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E. . 11652: GDS

TAGS: ENRG VE

SUBJ: PETROLEUM: RUMORS ABOUT CUTBACK OF VENEZUELAN PRODUCTION
AND NATIONALIZATION OF INDU**RY

1. BY CHANCE I BREAKFASTED YESTERDAY AT THE BEACH WITH
GONZALO BARRIOS, FORMER PRESIDENTIAL CANDIDATE AND NOW
ADECO SENATOR FOR CARACAS, WHO REPUTEDLY WILL BECOME NEXT
PRESIDENT OF THE VENEZUELAN SENATE.

2. BARRIOS WAS DISTURBED OVER EXTENSIVE NEWSPAPER INTERVIEW
(SEPTTEL) GIVEN JANUARY 12 BY HIS PARTY'S PETROLEUM GURU,
PEREZ ALFONZO, IN WHICH LATTER ADVOCATED IMMEDIATE
NATIONALIZATION OF PETROLEUM INDUSTRY AND REDUCTION OF
PRODUCTION TO 800,000 B/D. HE ASKED MY OPINION OF
PEREZ ALFONZO'S OPINION.

3. I REPLIED THAT UNDER INTERNATIONAL LAW, NATIONS COULD
INDEED NATIONALIZE INDUSTRIES BUT ONLY AGAINST PROMPT,
ADEQUATE AND EFFECTIVE COMPENSATION. WHAT WORRIED ME
MORE WAS THE VAST INCREASE IN OIL PRICES EVERYWHERE
AND THE EXPLICIT RECOMMENDATION THAT VENEZUELA CUT DOWN
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ITS DAILY PRODUCTION OF PETROLEUM BY MORE THAN THREE-FOURTHS.

CLEARLY IN VIEW OF THE PRESENT SCARCITY OF OIL IN THE WORLD, THIS WOULD BE A MEASURE OF GRAVE CIRCUMSTANCE FOR THE UNITED STATES.

4. AFTER GONZALO BARRIOS HAD LEFT OUR TABLE, HE DREW ASIDE ONE OF MY CLOSEST VENEZUELAN FRIENDS AND ASKED WITH CONSIDERABLE APPREHENSION WHAT HE THOUGHT THE ATTITUDE OF THE AMERICAN AMBASSADOR WOULD BE TOWARD THE NEW ADECO GOVERNMENT. TO THIS, MY FRIEND CORRECTLY REPLIED THAT I HAD LONG BEEN A PERSONAL FRIEND OF THE PRESIDENT-ELECT AND THAT HE WAS CONFIDENT THAT EMBASSY-ADECO RELATIONS WOULD BE MOST CORDIAL. GONZALO BARRIOS THEN VOUCHSAFED THE OPINION THAT THE AMBASSADOR AND HIS GOVERNMENT HAD BEEN VERY BADLY TREATED BY OUTGOING PRESIDENT CALDERA AND THE COPEI PARTY.

5. COMMENT: MY OVERALL IMPRESSION FROM GONZALO BARRIOS IS THAT HE PERSONALLY DOES NOT ACCEPT THE RECOMMENDATIONS OF PEREZ ALFONZO AND THAT THE NEW PRESIDENT OF VENEZUELA WILL FOLLOW HIS OWN POLICY IN RESPECT OF PETROLE * QUITE APART FROM THE OPINIONS OF PEREZ ALFONZO. THIS, HOWEVER, DOES NOT MEAN THAT CARLOS ANDRES PEREZ WILL BE ANYTHING BUT A TOUGH BARGAINER IN HIS RELATIONSHIPS ON OIL WITH THE UNITED STATES. A PERHAPS MORE IMMEDIATE DANGER IS THAT CALDERA IN HIS LAST MONTHS IN OFFICE MAY BE EMBOLDENED TO LAUNCH A NATIONALIZATION MOVE WHICH THE NEW CONGRESS, NOT TO BE *UTDONE IN PATRIOTISM, MIGHT RATIFY.
MCCLINTOCK

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